

EXECUTIVE OFFICE OF THE PRESIDENT
BUREAU OF THE BUDGET
WASHINGTON 25, D. C.

APR 6 1967
Honorable John A. McCone
Director of Central Intelligence
Washington 25, D. C.

Dear Mr. McCone:

Last year an effort was made to prepare the 1963 Budget within a framework of longer-range budget projections. The President has now approved a plan for the preparation of the 1964 Budget which marks a further step in this direction. As was the case last year, there will be two major phases in the process of preparing the next budget:

First, a spring program review phase, concentrating on the major long-term issues, as far as they can now be foreseen, which will affect Government programs and budgets through the fiscal year 1967. Against this background, the President expects to establish, about July 1st, general guidelines and planning figures for preparing the 1964 Budget. As was the case last year, there is no intention during this phase of reaching firm budget decisions or negotiating over detailed figures.

Second, a summer and fall period of preparing and reviewing the detailed budget estimates for the fiscal year 1964. During this phase the budget projections through 1967 will continue to be used as background, but the intention during this phase, in contrast to the spring phase, is to concentrate on short-run specific decisions concerning the 1964 Budget, rather than on long-term issues affecting the level and trend of activities over the five-year period.

In connection with the spring phase, we would appreciate receiving, no later than May 1, a brief statement of the major goals and objectives which you are proposing for the programs of your agency, and the major changes and developments which you can now foresee in those programs, for the fiscal years 1963 through 1967 (or farther ahead, if you are so prepared). Our principal interest is in program goals and changes that you expect will have a significant impact on the budget, whether based on existing legislation or on new legislation. We suggest that the statement be organized by major program elements, whether or not these conform closely to organizational lines or appropriation titles. Our staff will suggest for your consideration a list of program elements which we hope will provide a simplified and useful basis for the structure of your submission and of our later discussions. We hope you will include quantitative indicators

On file OMB release instructions apply.

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of workload wherever possible, and request that the effect of proposed new legislation be separately identified.

In addition, you are also invited to submit by May 1 projections of new obligational authority and expenditures for each of the fiscal years concerned, following the same elements or categories used for your narrative statements, in such a way that the two can be easily related. If in any case you do not wish to submit budget projections, please advise our staff as soon as possible, but not later than April 16, as we shall have to undertake to develop projections for any programs for which none are submitted.

For preparing program statements and budget projections, we suggest using the following assumptions (note that these are not forecasts): (a) that the current economic recovery will continue, with relatively full employment (i.e., 4% unemployed) reached during the calendar year 1963; (b) that full employment will then continue through the projected period; (c) that domestic prices--on the average--will remain generally at their present levels; and (d) that international tensions and our international objectives will not change substantially. These are of course assumptions and not forecasts; they are simply intended to provide a uniform basis for the consideration of program and budget projections.

Because we want to make forward budget planning a continuous process, our staff will discuss with your appropriate officials, within the next few days, our general reactions to the projections for fiscal years 1964 through 1966 which were submitted with your 1963 budget estimates, and the estimated effects of the 1963 budget decisions on those projections. In most cases it will be helpful to identify, this spring, the major differences between the revised forward projections which we will furnish to your staff and the new projections developed by your agency, and we will appreciate it if such a comparison is included as part of your submission.

After receipt and review of your statements and budget projections, we expect to discuss them with you before the complete budget outlook is laid before the President in June.

We regard these proposed steps in the budget process as part of the continuing effort which the President expects all of us to make to improve the competence of the Government's forward planning. We know that each large department and agency has actions under way to improve its facilities and techniques for developing goals, policies, plans, and programs, extending forward generally for five years, or more as appropriate. We continue to stand ready to help in any way we can, either with respect to the budget process itself or the broader process of forward planning and programming.

Sincerely yours,

David E. Ben

Director